

OFFICE OF CITY CONTROLLER

CITY OF HOUSTON INTER OFFICE CORRESPONDENCE

To	Mayor Bill White City Council Members	From	Annise D. Parker City Controller
		Date	July 30, 2004
		Subject	June 2004 Financial Report

Attached is the Monthly Financial and Operations Report for the period ending June 30, 2004.

GENERAL FUND

Total General Fund revenue projections decreased slightly by \$0.5 million. This net decrease is primarily attributable to increases in our estimates for property tax, industrial assessments, interest revenue and miscellaneous other, offset by a decrease in direct interfund services as follows:

- The property tax revenue projection is \$661 million, or \$2 million more than last month. Our projection is based on year-to-date collections.
- We have raised our revenue estimates for industrial assessments by \$0.4 million, interest by \$0.3 million and miscellaneous other by \$0.9 million based on year-to-date information.
- In addition, based on year-to-date information, our projection for direct interfund revenue has decreased by \$4.1 million, primarily due to significantly lower than anticipated billings for interfund engineering services.

Total General Fund expenditure projections have decreased by \$4.5 million. Our estimates are based on year-to-date expenditures and accruals for allowances for termination pay and compensated absences through August 2004.

ENTERPRISE FUNDS

Aviation reflects an increase in net operating income of \$16.5 million. This is mostly attributed to increases of \$1.30 million in landing area revenues, \$8.8 million in building and ground area revenues, \$2.9 million in parking and concessions and \$0.7 million in other revenues, and decreases in service expenses of \$2 million, supplies expense of \$0.4 million and non-capital expenses of \$0.4 million.

C&E operating income reflects a net increase of \$1.1 million, primarily due to a decrease in expenses. This net increase is mostly attributed to an increase in facility rentals of \$0.25 million, a decrease in parking revenues of \$0.5 million, a decrease in contract cleaning of \$0.3 million, and a decrease of \$1.6 million in service expenses.

Water and Sewer reflects a net increase in operating income of \$0.7 million. This net increase is primarily attributable to decreases of \$3.7 million and \$7.8 million in water sales and sewer charges respectively, and decreases in expenses of \$3.9 million and \$8.1 million in personnel and in services contracts & utilities, respectively.

Mayor Bill White
City Council Members
June 2004 Monthly Financial and Operations Report

HIGHLIGHTS OF THE BOND STATUS REPORT

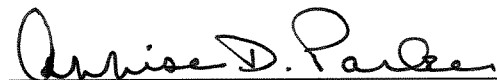
COMMERCIAL PAPER	Drawdowns FY04	Drawdowns in June	Increased Authorization/ (Refunded)	Amount Available to be Drawn
	(in millions)	(in millions)	(in millions)	(in millions)
General Obligation				
<i>(Series A & B)</i>				
<i>Public Improvement Bonds</i>	\$ 51.00	\$ 3.00	\$ (69.00)	\$ 56.00
<i>(Series C)</i>	\$ 2.40	\$ 0.00	\$ (45.90)	\$ 0.00
<i>Equipment</i>	\$ 3.10	\$ 0.00	\$ (19.10)	\$ 0.00
<i>Storm & Overlay</i>				
<i>(Series D)</i>	\$ 57.00	\$ 0.00	\$ 110.00	\$ 205.00
<i>(Series E)</i>				
<i>Downtown Streetscape</i>	\$ (0.10)	\$ 0.00	\$ 0.00	\$ 0.10
<i>Equipment</i>	\$ 22.10	\$ 3.00	\$ 9.50	\$ 56.90
<i>Metro Street Projects</i>	\$ 7.00	\$ (3.00)	\$ 63.00	\$ 56.00
<i>Cotswald Project</i>	\$ 1.00	\$ 0.00	\$ 7.50	\$ 6.50
Combined Utility System	\$ 40.00	\$ 40.00	\$ 900.00	\$ 860.00
<i>(Series A)</i>				
Water and Sewer	\$ 270.00	\$ 0.00	\$ 685.25	\$ 0.00
<i>(Series A & B)</i>				

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure.

As of June 30, 2004, the ratio for each type of outstanding debt was:

General Obligation	21.1%
Combined Utility System	19.4%
Aviation	16.9%
Convention & Entertainment	27.1%

Respectfully submitted,



Annise D. Parker
 City Controller